

Home from Work™

An Employer Housing Benefit

Frequently Asked Questions

1. What motivates employers to offer Employer-Assisted Housing (EAH) benefits?

Employers typically decide to offer an EAH benefit for the following reasons: Recruitment, Retention, Return, Revitalization of their neighborhood, Reduced commuting, Right thing to do, Relationships with customers, and Recognition.

2. Are there specific types of employers that would most likely be motivated to offer an EAH benefit?

The employer's motivation – the EAH R's – is the key to which employers may be more interested in EAH. Is the employer in a business with labor shortages such as health care, or are they greatly expanding their business? If yes, then they have recruitment and retention needs. Is the employer on the "best companies to work for" list? If yes, chances are they like recognition and being an employer that differentiates itself from the rest. Is the employer in the housing industry – such as a lender, builder, nonprofit counseling agency or REALTOR®? If yes, they may be interested in helping their own employees by doing the right thing. A public sector agency interested in promoting EAH to employers in its community may also be interested in considering an EAH for their employees so they can be a role model in the community. Is the employer located in an area that is in need of improvement and this is impacting their business? If yes, they may be interested in revitalizing the neighborhood.

3. What types of employers offer EAH benefits?

All types of employers offer EAH. One breakdown by employer type indicates the following: 37 percent private sector; 24 percent public sector; 20 percent health care employers; 11 percent universities; and 8 percent nonprofits.

4. Can all public-sector employers offer EAH benefits?

Although there have been a few situations where legislation is required before a public-sector financial EAH benefit can be offered, generally speaking, public-sector employers are able to provide EAH benefits to their employees. Often these employers offer their own employees what they offer to the public, such as home-buyer education classes and/or down-payment assistance using HOME or similar funds.

5. Is there a minimum or a maximum size for an EAH employer?

No, there is no minimum or maximum size. Employers with as few employees as four to as many as 100,000 have developed EAH plans. However, the type of EAH offered may vary based on size. For example, on-site home-buyer education is probably not cost effective for a very small employer even though it may be very cost effective for a large employer.

6. Who is the best person to talk to about EAH?

The key decision maker is usually the best person to talk to about EAH. Typically this is the CEO or the head of Human Resources. However, if you have a connection with someone else at a senior level, then you might explore that contact first. Also, if the motivation is around revitalization, recognition, or right thing to do, it is possible that someone in corporate communications or community relations would be a good entry point, too.

7. Typically, how many employees take advantage of an EAH with financial benefits?

The experience of several private employers that have been offering a one-time-only EAH financial benefit for a long time is that 4 percent to 6 percent of eligible employees use the benefit each year. An employer can get a better sense of how many of their own employees would be interested with a survey. Some employers choose to limit the number of employees using the benefit per year by allocating a specific dollar amount, under a first-come, first-served policy.

8. What are some typical comments made by employers when they consider offering an EAH benefit, and typical responses to these comments?

Comment: We have high turnover but can't afford to offer an EAH benefit.

Sample responses:

- If you can quantify your cost of turnover, the NAR can use their cost benefit analysis software to demonstrate that you can offer an EAH financial benefit that has a vesting feature like a forgivable loan and actually save money.
- You may want to target the financial EAH just to the employee group where you are experiencing high turnover, just as you might pay a higher salary for these staff or provide hiring bonuses just to this employee group.
- Many employers start off their EAH plan by limiting the number of employees or the dollars allocated.
- If you currently offer a recruitment or retention bonus, you may want to set aside these funds for an EAH to determine if EAH is a cost-effective way to overcome turnover problems.

Comment: We do not have any funds in our budget for an EAH plan.

Sample responses:

- You might consider offering a home-buyer education EAH that you pay for, or the employee pays for, but you give them time to attend the classes.
- You might consider providing staff that are buying a home with a day off for closing.

Comment: We do not have staff available to administer an EAH benefit plan.

Sample responses:

- Offer a one-time grant.
- If retention is an issue, offer a very simple forgivable loan (no interest) or matched savings one-time grant after a specified tenure requirement is met.
- Hire a servicer to administer the plan.

Comment: We can not afford to give this benefit to everyone, and we do not offer any benefits unless they are available to everyone.

Sample responses:

- Often employers are already offering benefits to only a set of employees. For example, do you have a day care benefit or give voluntary time off for parents with school children? If you are already offering targeted benefits, then a targeted EAH benefit would be consistent with your other benefit activities.
- Consider a no- or low-cost EAH benefit.

Comment: We can only afford to offer very little, and this will not be enough to make a difference for an employee.

Sample responses:

- Every little bit helps. For example, there are mortgage products that require only \$500 from the employee, and provide for a 100 percent loan-to-value loan. If you provide just a few hundred dollars, you can help your employee with his or her closing costs.
- By offering some form of EAH benefit, you are sending a message to your employees that they can be homeowners too. This message of support can make all the difference to employees who have no or little experience with homeownership.

9. How long does it take to set up an EAH plan?

This will depend on how quickly the employer is able to make a decision and provide dedicated staff to the effort and also which EAH the employer chooses to offer. If the employer elects home-buyer education "lunch and learn" sessions or even more intensive home-buyer education counseling, these types of EAH benefits should be ready to offer very quickly. If the benefit is a loan, the employer may want legal review of documents that may take a little longer.

10. What are the tax implications for employers with EAH?

Unless an employer is located in one of the few states that provide tax incentives for EAH, the employer does not get any tax incentives for offering an EAH benefit. The benefit is treated as any other operating expense.

11. What are the tax implications for employees with EAH?

Whether or not there are any tax implications for employees, will depend on which type of EAH is offered. For example, if the EAH is a forgivable loan, then the amount forgiven is typically treated as if it is income and thus will be taxed accordingly. For this reason, some employers gross up this tax burden to take the financial cost off of the employee.

12. Can I combine other tools with an EAH benefit to increase affordability?

There may be other tools that help with affordability, such as public sector down payment assistance programs or below-market interest rate loans from a housing finance agency. As long as the EAH meets any program requirements, EAH can be combined with other tools.

13. How can lenders get involved?

Contact NAR staff at 202-383-7560 or refer to NAR's website at www.realtor.org/housingopportunity.